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## Another nail in the IPO market's coffin

IF anyone needed another sign that the initial public offering market was on its knees, here it is.

Private-equity group Unitas Capital-controlled Waco International's mining services business, Ausco Modular, which last month was set to be the first substantial IPO this year, is due to be sold to London private-equity group TDR Capital.

It is understood that UBS, which along with JPMorgan had been working on a \$500 million-plus float of the transportable building company, was preparing last night for the secondary sale. (UBS is thought to be helping with buyer finance too).

TDR is believed to be paying 6.5 times forward earnings before interest, tax, depreciation and amortisation of \$100m, giving the business an enterprise value of \$650m including \$150m debt.

The deal values the company at roughly the price the vendors were looking to get from a public market sale.

JPMorgan and UBS had canvassed fund managers about a potential float of the business about a month ago, with the expectation that a roadshow for the IPO would be launched by

the end of this month. However, the vendors did not want to take the market risk at a time when equity markets are suffering a fresh battering (and investors would no doubt have tried to pay a little less) when they already had the proverbial bird in the hand and a chunky debt refinancing to consider.

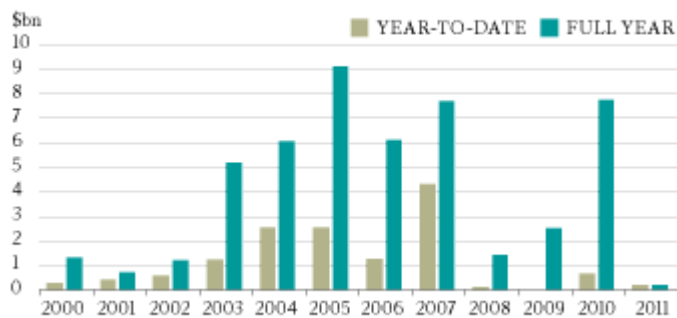
TDR, which owns European modular construction business Algeco, had been sniffing around Ausco for a few months.

The private-equity group was founded in 2002 and has €2.6 billion (\$3.5bn) in funds under management. It is believed TDR was advised by Macquarie, an encouraging sign for the Australian investment bank's international expansion strategy.

Given that the mining services companies are trading at an estimated forward EV/EBITDA multiple of about five times, it is not a bad result for Unitas (formerly CCMP) which has tried to exit this investment three times before.

However, the deal reiterates the difficulty in getting floats away in this market when IPO issuance is the third-lowest it has been in 10 years.

### Australian IPO Comparison



Source: Thomson Reuters